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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

DEPOSITORY

HP-15

February 2, 1931

WORLD HOG AND PORK PROSPECTS

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SUMMARY

"Slaughter supplies of hogs in the United States during the remainder of the present marketing year ending September 30, 1931, will probably be smaller than in the corresponding period of 1930," according to "The Agricultural Outlook for 1931", issued February 2 by the United States Department of Agriculture. "With a weaker demand for hog products, however, prices of hogs for the period will probably average lower than for the same period of last year. The hog industry during the marketing year which begins October 1, 1931, is expected to be in a more favorable position than in the current year, since indications point to slightly smaller supplies, lower feed costs and some improvement in both foreign and domestic demand during that period.

"Continued heavy supplies of European hogs and pork products and a reduced foreign demand for American products during most of the hog marketing year which ends September 30, 1931, are in prospect. United States exports of pork and lard for that period are expected to fall below the low 1929-30 levels. Exports from this country during the three months, October to December, 1930, were about 45 per cent smaller than those of the corresponding months of 1929. European supplies during the year ending September 30, 1932, probably will be smaller than in the current year, and thus tend to improve

the position of American hog production in European markets during the latter part of that year.

"Outstanding points in the European hog and pork situation are: (1) Unusually large numbers of hogs in most European producing countries in October, 1930, notably Germany; (2) a low-priced feed supply larger than that of last year, which, despite lower hog values, makes pork production profitable in most countries except Germany; (3) a downward tendency in the prices of hogs, cured pork and lard, and (4) no indication of any significant increase in buying power in the leading markets for American pork products during 1931."

United States

Contrary to usual developments at this time of year, hog prices in the United States during January continued to decline. A seasonal upswing in prices usually gets under way sometime in December, but delayed marketings and a continued weak foreign and domestic demand resulted in prices continuing downward throughout January, making a new low level for the season during the last week of the month when prices at Chicago averaged $7.47. The average for the month at Chicago was $7.65 as compared with $7.92 in December and $9.78 in January, 1930.

Slaughter supplies increased during January and reflected the delayed market movement which has occurred this winter. Inspected slaughter from October to December was about 9 per cent smaller than that of a year earlier, but during January, supplies were considerably larger than those of January, 1930. An unusually large proportion of heavy hogs in the market supply resulted in a continued wide spread in the prices of heavy and light weight hogs. Prices of light weight hogs remained steady during the month, but the decline in heavy hog prices lowered the general average.

The number of hogs on farms in the United States January 1, 1931, was 52,323,000 head as compared with 53,238,000 head on January 1, 1930. Although hog numbers were 1.7 per cent smaller than a year earlier in the United States as a whole, they were slightly larger in the Corn Belt States, which furnish most of the market supply of hogs. Indications are that market supplies will continue large for several weeks and weights will probably remain above the average of recent years. Corn prices, as well as hog prices, declined during January and the corn-hog ratio continued favorable for feeding. It appears, therefore, that only a moderate seasonal price advance, if any, can be expected during the next two months.

In commenting on prospective supplies for the remainder of the marketing year, "The Agricultural Outlook" says:

> "In the nine months, January to September 1931, during which period most of the hogs on farms January 1 that go into the commercial supply will be marketed, slaughter will probably be slightly smaller than in the same period of 1930. Decreases in supplies from outside the Corn Belt States will more than offset the small increase in that area. In addition, it is not unlikely that a larger than usual percentage of breed sows and fall pigs now on farms will be carried over and finished out on new corn next fall, especially in areas where corn production in 1930 was short. In view of this expected decrease from January to September, and with inspected slaughter for the three months, October to December, 1930, nearly 1,300,000 head smaller than during the corresponding period of 1929, total inspected slaughter for the marketing year October, 1930--September, 1931, is expected to be from 1,500,000 to 2,000,000 head smaller than for the marketing year 1929-30."

Fresh pork prices declined sharply during January. Average prices of most of the higher priced cuts for the month were $2 to $3 lower than in December, while the cheaper cuts declined from $1.00 to $1.50. Fresh ham prices showed more strength than the other higher priced cuts, averaging about 80 cents higher at Chicago than during the preceding month. They declined $1.25 at New York, but were still well above their normal relationship to other fresh pork prices. Prices of lard and all cuts of cured pork also declined during the month. The decline in lard prices brought the January average for refined lard at Chicago down to $9.62, the lowest monthly average since in 1915 and well below the pre-war average. Lard substitute prices also declined and they still remain below lard prices.

Exports of pork products during December are reflected stronger competition in European markets. For the three months, October to December, 1930, total exports of pork products were about 45 per cent smaller than during the corresponding period of 1929. Bacon exports in December were about 30 per cent larger than in November, but less than half those of a year earlier. Takings by United Kingdom, the principal foreign outlet were 45 per cent smaller than in December, 1929, and the movement to Cuba was 10 per cent smaller. Bacon exports to Germany were negligible. Foreign trade in hams and shoulders, thus far in the marketing year, has held up much better than that of bacon or lard, since they are less affected by the increased pork production in Denmark and Germany. The total export movement of hams and shoulders during December was 42 per cent smaller than in November, but only 10 per cent smaller than a year earlier. During the first three months of the marketing year, exports of these two cuts decreased 19 per cent from those of the corresponding months in 1929, as compared with a reduction of 64 per cent in bacon exports and 45 per cent in lard exports. Lard exports in December made a seasonal increase, but it was much less than normal. Quantities taken as compared with a year earlier were reduced 30 per cent in United Kingdom, 62 per cent in Germany, 50 per cent in Cuba and 38 per cent in Netherlands.

Relatively small storage holdings of pork and lard in the United States continued to be a favorable factor in the hog situation up to January 1. Stocks of pork on that date, amounting to 523,317,000 pounds were about 16 per cent smaller than those a year earlier, and 5 per cent smaller than the 5-year January 1 average. In spite of the weak demand and low price for lard, storage stocks of lard on January 1 were the smallest for that date since 1927 and 38 per cent smaller than on January 1, 1930. The decrease in storage holdings of pork and lard from January 1, 1930 to January 1, 1931, was equivalent to about 800,000 hogs.

Canada

Canadian hog marketings as represented by the number graded at stock yards and packing plants, during the first three weeks of 1931 continued to be below the corresponding period a year earlier. The number graded during this period of 1931 was 146,000 as against 170,000 a year earlier. The weekly average price at Toronto for select bacons during the week ending January 22 was $10.74 as compared with $10.86 during the corresponding week of 1930.

Inspected slaughter of hogs in Canada during 1930 was 18 per cent smaller than in 1929 and 24 per cent below the average for 1927 and 1928. Cold storage holdings of pork at the end of January amounted to 17,582,000, a decrease of 37 per cent compared with 1929. Hog numbers in Canada, estimated at 4,000,000 head, are now at the lowest point since 1922.

Canadian exports of live hogs to the United States declined from 195,000 in 1927 to 21,000 in 1928, 2,000 in 1929, and less than 200 in 1930. The same tendency is shown in bacon. Total exports of bacon and pork have declined sharply during the past four years. On the other hand, imports of bacon and pork from the United States have increased considerably. Bacon and ham imports from the United States have increased from 2,000,000 pounds in 1927 to about 10,000,000 in 1930, while pork imports increased from 9,000,000 pounds to 14,000,000 pounds in 1929. Imports of pork for 1930 are estimated to be slightly below the 1929 totals. An increase in Canadian import duties has apparently been responsible for reduced imports of pork from the United States during recent months.

During the year 1930 only 2,341,000 hogs were graded at all stock yards and packing plants, a decrease of 14 per cent compared with 1929 and 17 per cent below 1927 and 1928. Of the above number, 838,000 fell in the "bacon" grade, 776,000 in the butcher grade, and 301,000 in the "select bacon" grade. Ontario packing plants graded 739,000 or 32 per cent of the total compared with 926,000 or 34 per cent of the total in 1929.

Great Britain

"In Great Britain, the leading foreign market for American pork products, record volumes of cured pork have been received from Denmark in recent months," the "Outlook" states. "The upward turn in Danish production got under way earlier than did production in other continental countries supplying the British market. The trend of Danish exports during recent months indicate that the peak of production in that country was reached in late 1930. The export movement from Denmark is expected to continue unusually heavy during the remainder of the present marketing year although probably showing a downward tendency. Thus far the fall in feed prices has been great enough to keep pork production on a profitable basis in Denmark. In Netherlands, Poland, and other continental countries supplying the British market, pork production for the next few months may be expected to be heavier than a year ago, but the feed situation in these countries is somewhat less favorable than in Denmark. Great Britain is expected to take about as much American lard this year as last, since continental production conditions appear to have little or no effect on British imports of the American product."

The downward trend in British market prices of cured pork brought the January average of Danish Wiltshire sides at Liverpool to $14.82 per 100 pounds. That figure was nearly $8.50 below the average for January, 1930, and was one of the lowest of the post-war period. The 1909-1913 average for January stands at $14.10. The current Liverpool average for American green bellies also was unusually low at $16.13, against a pre-war average of $21.40. American short cut green hams were lower in January, averaging $20.36 against $22.11 a year earlier. The pre-war average for that item was $13.70. The tendency toward lighter cured pork stocks at Liverpool noticeable during most of 1930 was reversed in December, with the February 1 figure at 3,670,000 pounds. That figure is below the post-war average for the date indicated, but is larger than that of last year.

Total bacon imports into Great Britain for December reached the record monthly figure of 112,267,000 pounds. Receipts from Denmark were still at record levels, but receipts from other continental countries also were considerably larger than in recent months and a year ago. Receipts from North America continued smaller than usual. For the first 3 months of the current season, October-December, 1930, total bacon imports into Great Britain were 26.1 per cent larger than for the corresponding period of last season. A similar comparison shows imports from Denmark to be 42.6 per cent larger than last year. Receipts from the Netherlands show a slightly larger total this season than last, while the aggregate from all continental countries other than Denmark is 31.2 per cent larger than last year. Receipts from the Irish Free State are materially smaller than last year, and imports from the United States are more than 50 per cent smaller. Ham imports from the United States are only slightly smaller than in the corresponding months of 1929.

In Liverpool, the average price in December on American lard was $11.25 per 100 pounds, an unusually low price for post-war years and 85 cents below the pre-war average. Lard imports have maintained their fairly regular volume in recent months. The December figure of 27,270,000 pounds was slightly lower than that of November, but was a little larger than imports of a year earlier. The total for the 3 months period was 6.8 per cent larger than in 1929. Stocks of refined lard at Liverpool have run remarkably low in recent months, the February 1 figure being only 972,000 pounds against 3,185,000 pounds a year earlier. The regular imports and abnormally low stocks suggest either increased consumption or greater re-exports, or both.

Domestic British market supplies of hogs remain below last year's levels, but some increase in Irish hog marketings is evident. The January supplies of fresh British and Irish pork at London central markets reached 7,139,000 pounds, being smaller than in the preceding month, but larger than a year ago. The accumulated 4 months' total beginning October 1, 1930, reached 31,306,000 pounds, a slight advance over corresponding figures of a year ago. Fresh and frozen pork receipts from other sources during January were somewhat below those of both the preceding month and a year ago. The Irish bacon curers utilized 89,535 hogs in December, 1930, a somewhat larger figure than that of December, 1929.

Denmark and Netherlands

Incomplete Danish bacon export figures for December indicate that the slowing up of that movement in evidence since October was continued into December. Total exports for those three months, however, appear from the figures now available to be about 35 per cent larger than in the same period of last season. Bacon production in the Netherlands, as reflected by imports from that country into Great Britain, is still on an upward trend. In both November and December, 1930, the Netherlands sent more bacon to Great Britain than in the corresponding months of 1929. Total British imports from that source for the three months, October-December, 1930, were about 10 per cent larger than a year ago. Reports indicate that in both Denmark and Netherlands hog prices have been falling at a somewhat more rapid rate than feed prices, with an unfavorable relationship developing faster in the Netherlands than in Denmark.

Germany

"The continental market for American hog products is influenced largely by conditions in Germany, where hog marketings during 1930-31 are expected to be materially heavier than in 1929-30," according to the "Outlook". "Marketings during October and November were slightly larger than a year earlier. The German hog census as of December 1 indicated the largest number of hogs on record for that date. The distribution by age classes indicates that marketings in that country are likely to continue at high levels into the early part of the 1931-32 season. Although total marketings from December 1, 1930, to February 28, 1931, are expected to exceed only slightly those of last winter, those from March 1 through August, 1931, may be as much as 20 per cent larger than in the corresponding period of 1930. Marketings from September to November in 1931 are likely to average well above the large

marketings of these months of last year. The situation in Germany will react most unfavorably upon the continent's demand for American lard. Demand for that commodity in Germany also is adversely affected by the growing competition of other fats."

The Berlin price of heavy hogs during January averaged down to $12.05 per 100 pounds, according to Agricultural Attache Steere at Berlin. That average is the lowest for any month since April, 1928, and was only 57 cents above the pre-war average for January. The December, 1930, average was 26 per cent below that of December, 1929. In the same 1930 months prices of feeding potatoes at Breslau were 35.1 per cent below a year earlier, while feed barley at Leipzig was 8.3 per cent higher than in 1929. The potato situation is an important factor in retarding the unfavorable effect of higher feed grain prices on German hog production, especially in eastern Germany where hog raising is incidental to the general farm program. In western Germany, however, where hogs are bought for fattening, the effect of higher barley prices may retard hog production more rapidly.

Receipts of hogs at 14 German markets during January appear to have been about as heavy as in December, when they were considerably larger than a year earlier. For the 3 months, October-December, 1930, such receipts reached a total 4.7 per cent larger than in 1929. Hog slaughter at 36 centers in each of those months of 1930 was larger than in 1929, resulting in a total for the period 14.5 per cent larger than in the preceding year. In spite of the increased domestic pork production, bacon imports into Germany, principally from the Netherlands, were larger than in November and December, 1930, than a year earlier.

Lard prices at Hamburg reached the extremely low average of $10.68 per 100 pounds in January. That figure was $1.32 under the January, 1930, average and $4.62 below the pre-war average for that month. Imports of that product, which come principally from the United States, have run materially smaller this season than last, as domestic production has increased. Preliminary figures indicate that for the 3 months, October-December, 1930, total lard imports into Germany were about 43 per cent smaller than in the corresponding period of 1929.

HOGS AND PORK PRODUCTS: Indices of foreign supplies and demand

Country and item	Unit	1909-10 to 1913-14 average	1924-25 to 1928-29 average	Dec. 1927	Dec. 1928	Dec. 1929	Dec. 1930
UNITED KINGDOM:							
Production -							
Fat pigs, certain markets	1000's	170	182	195	219	199	189
Supplies, domestic fresh pork, London	1000 pounds		19,897	28,176	30,079	23,058	24,167
Imports -							
Bacon -							
Denmark	"	59,816	123,760	152,591	144,346	149,501	213,633
Irish F. State	"		17,921	18,766	22,222	16,231	9,566
United States	"	44,543	23,451	12,640	8,309	13,249	6,440
Canada	"	8,930	21,557	11,858	6,447	5,552	1,518
Others	"	11,247	38,198	49,955	57,122	48,340	63,235
Total	"	124,336	224,887	245,810	238,446	232,873	294,392
Ham, total	"	20,474	28,045	21,455	20,605	25,577	21,658
Lard, total	"	57,050	57,495	60,769	57,110	73,008	77,918
DENMARK:							
Exports -							
Bacon	"		123,103	148,533	143,266	145,294	196,514
CANADA:							
Slaughter -							
Hogs, inspected	1000's	450	738	710	671	662	498
GERMANY:							
Production -							
Hog receipts 14 cities	"		812	1,099	977	866	907
Hog slaughter 36 centers	"	1,111	1,010	1,331	1,263	1,095	1,254
Imports -	1000 pounds						
Bacon, total		868	5,932	2,877	2,678	4,510	5,324
Lard, total	"	54,037	51,197	47,162	48,406	60,392	34,322
UNITED STATES:							
Slaughter -							
Hogs, inspected	1000s	8,806	12,538	11,526	13,950	13,439	12,163
Exports -							
Bacon -	1000 pounds						
United Kingdom		38,630	14,570	6,269	6,763	11,236	5,802
Germany	"	729	2,698	1,715	578	2,014	138
Cuba	"	1,833	5,505	4,709	5,907	4,137	2,081
Total	"	45,196	33,236	23,069	21,282	31,178	11,188
Hams, shoulders:							
United Kingdom	"	30,316	30,981	19,523	15,826	20,893	17,038
Total	"	35,684	37,175	24,911	20,902	26,193	21,173
Lard -							
United Kingdom	"	39,287	51,563	53,436	57,970	65,028	65,963
Germany	"	34,485	43,251	38,175	54,013	67,275	15,383
Cuba	"	8,857	20,237	20,493	22,017	19,802	9,265
Netherlands	"	9,375	10,313	7,232	13,084	13,635	4,543
Total	"	112,662	174,048	168,846	213,939	234,008	129,062

HOGS AND PORK PRODUCTS: Foreign and domestic average prices per 100 pounds for the month indicated, and stocks at the end of each month

Item	Dec. 1909-1913 average	Dec. 1925-1929 average	Dec. 1929	Nov. 1930	Dec. 1930
	Dollars	Dollars	Dollars	Dollars	Dollars
Prices -					
Hogs, Chicago, basis packers' and shippers' quotations	7.50	9.76	9.34	8.55	7.92
Corn, Chicago, No. 3 yellow	.98	1.46	1.57	1.27	1.23
Hogs, heavy, Berlin, live weight	11.63	15.73	16.36	13.21	12.48
Potatoes, Breslau feeding	.35	a/ .54	.37	.24	.24
Barley, Leipzig	1.70	a/ 2.27	1.92	1.88	2.08
Lard -					
Chicago	10.71	14.00	11.94	12.31	10.70
Liverpool	12.10	13.89	11.82	12.46	11.25
Hamburg	11.92	14.54	12.42	13.32	12.29
Cured pork -					
Liverpool -					
American short cut green hams	14.30	25.16	22.00	21.70	21.21
American green bellies		21.27	18.88	b/	19.69
Danish Wiltshire sides	14.10	23.07	23.63	17.54	15.05
Canadian green sides	13.34	c/ 20.37	c/ 20.20	b/	b/
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Stocks -					
Liverpool -					
Hams, bacon and shoulders		3,735	3,528	942	2,433
Lard, refined		3,299	3,749	1,299	1,068
United States -					
Processed pork d/		515,885	640,786	411,704	523,317
Lard in cold storage		62,928	82,018	31,502	51,064

a/ Four-year average only. b/ No quotation. c/ One week only.
d/ Dry salt cured and in process of cure; pickled, cured, and in process of cure, and frozen.

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